CHAPTER FOUR

RESEARCH METHODOLOGY

Overview

The review of Literature presented in Chapter 2 and Chapter 3 emphasized several approaches, ideas and key academic theories about the Customer relationship management, Consumer Perception and the direct and indirect link between the two in respect with the consumer buying behavior. The main aim of this section is to present a framework of actions to define a relation between the research questions and research objectives.

Research is a common parlance, which refers to search for knowledge. One could also define research as a scientific and systematic search for pertinent information on a specific topic.

Various key issues of the research study are discussed with the help of various research paradigm and philosophies, various approaches and strategies to collect data and evaluate the responses of the respondents. Apart from this, the chapter also explains the strengths and weaknesses of the research methods that are used to collect data and information.

At this stage, it is critical to expand knowledge and understanding of the philosophy and methodology of research. A more concern research method, qualitative research method is used to evaluate the research questions and achieve the objectives of this research study. In addition, a quantitative research methodology is used by preparing a well structured questionnaire to complement the outcome.

4.1 Introduction.

Methodology can be defined as (i) “a body of methods, rules, and postulates employed by a discipline”, (ii) “a particular procedure or set of procedures or (iii)
“the analysis of the principles or procedures of inquiry in a particular field”, the common idea being the collection, the comparative study, and the critique of the individual methods that are used in a given discipline or field of inquiry (Wikipedia, 2006).

4.1.1 Research Process

Following is a flow chart explaining the stepwise execution of the present research study. The research process carried out for present study is done mainly in three phases

![Flow Chart]

Figure 4.1.1: Research Process.
4.1.2 Research framework

This research framework is put forward that CRM Practices – Focusing on consumers and Knowledge Management has effects on perception of customers, and which in turn influences their preferences, satisfaction, retention and loyalty.

![Diagram of Research Framework]

Figure 4.1.2: Research Framework.
4.1.3 Research Design

A research design can be explained as the “detailed blueprint used to guide a research study toward its objectives” (Aaker, Kumar and Day, 2003). Research design provides the “glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project -- the samples or groups, measures, treatments or programs, and methods of assignment -- work together to try to address the central research questions” (Social research methods, 2006)

The process of designing a research study requires some interrelated decisions to be made. The most significant decision is the choice of research approach which determines how the information will be obtained. The choice of research approach is dependant on the nature of the research to be conducted. Research approaches can be categorized into one of the three general categories of research i.e. exploratory, descriptive and casual (Aaker, Kumar and Day, 2003).

**Exploratory research:** This type of research is undertaken when one is seeking insight into the general nature of a problem area, the possible decision alternatives and relevant variable that are to be considered. The research methods are loosely defined, highly flexible, unstructured and qualitative. The researcher begins without firm preconceptions as to what will be the outcome. The absence of structure allows a thorough pursuit of ideas and clues about the problem situation. Such research is conducted because a problem has not been clearly defined. Exploratory research helps determine the best research design, data
collection method and selection of subjects. Such research often relies on secondary research such as review of available literature and/or data, qualitative approaches like informal discussions with customers, employees, management or competitors, and more formal approaches like in-depth interviews, focus groups, projective methods, case studies or pilot studies. The outcome of this type of research can provide significant insight into a given situation and provide some explanation as to “why”, “how” and “when” something occurs. However, exploratory research may not be typically generalizable to population at large (Aaker, Kumar and Day, 2003 and Wikipedia, 2006)

Descriptive research embraces a large proportion of marketing research, the objective being to provide an accurate snapshot of some aspect of the marketing environment. Casual research approach is used when it is essential to show that one variable causes or determines the values of other variables. In such case, descriptive research is insufficient as it can only show that two variables are related or associated (Aaker, Kumar and Day, 2003). There are various research methods that can be adopted which include case studies, experiments, surveys, histories and archival information.

4.1.4 Research Approach

In order to conduct the research in a well defined way by following a paradigm of appropriate philosophy, it is necessary to follow a correct research approach.
Research approach allows the researcher to define and utilize research methodologies in an effective way. There are two approaches in research methodology, viz., deductive approach and inductive approach.

**Deductive Vs. Inductive**

Both these approaches are different, as deductive approach is related with positivism and inductive approach is related with interpretive. According to Burney (2008), a well staring of a research study means the study has half completed. Thus, it is essential for the researchers to concentrate on the correct approach to resolve any problem. On the basis of this, both deductive and inductive method must be understood only as a tool that supports the final choice of the research approach.

Deductive research approach means establishment of appropriate theories or hypothesis to resolve the research problem and after establishment, tests out these theories or hypothesis with the use of empirical observation (Burney, 2008). The steps of deductive research approach are theory, hypothesis, observation and confirmation. In this approach various arguments are used to give adequate
reasoning for a particular fact and these arguments are based on definite law, rules and regulations.

On the other hand, the inductive research approach is used to overcome with the limitation of deductive research approach. Burney (2008) has defined inductive research approach as the process in which the more specific concepts are analyzed in a general way. In inductive approach researchers do not require a pre-determined theory in order to conduct the research thus it provides more flexibility to the researchers. This approach is follows following steps: observation, pattern, tentative hypothesis and theory. In order to give inductive arguments, it is essential to use observe collected facts and information. It also helps in developing alternative explanations of what is going on. It is based on the bottom-up approach.

It is always possible to use both deductive and inductive research approach to calculate adequate and logical results. Both the approaches can be combined perfectly within the same piece of research, to add several advantages. Reasoning gained through deductive research approach is based on objective and follows causation. On the other hand, reasoning, collected through inductive research is based on subjective approach with some definite meaning.

In this research study, the main research approach used by the researcher is deductive. In order to evaluate quantitative and observational information, inductive research approach is also used at some places.

4.1.5 Research Model

In order to identify the various components of Customer Relationship Management, their relationships and in particular the role of perception in developing long term customer retention and the ultimate benefit of CRM a research model have been followed in this study.
Since most of the previous researchers have identified and analyzed the different variables of CRM separately. The present research model is adopted to present a comprehensive view of the components of CRM and in particular, the influence of perception in developing long term relationship and thereby sustaining profit and market share.

Developing long-term relations with the customer depends on the quality of relationship that is established between the customer and the store. The relationship, which the customers establish with the store, depends on the two basic components of CRM, i.e., quality of the product and the quality of service offered. Even though the quality of the products is the first feature to attract a customer, the quality of service offered to customers is the first concrete step to establish a relationship with the customer by developing positive perception by influencing his satisfaction, loyalty and retention rate. The quality of external service offered to the customer also depends upon the quality of internal service received by the employees.

Once the external service quality is good, the concept of relationship quality which is defined as the strength of relationship between the store and the customer exhibited by indicators like trust, commitment, loyalty, perception etc. by the customer is easy to build upon. Based on the review of literature the conceptual research have been adopted to carry out the research study further which is presented as follows:
Figure 4.1.5: The Research Model of CRM
The research model adopted provides a comprehensive view of customer relationship management and more precisely focuses more attention on dimensions of CRM, viz., customer loyalty and customer satisfaction which are the influential factors of customer perception. The development of model was guided by the review of literature mentioned in Chapter 3. The main objective of adopting the model is to identify the important factors that contribute to internal and external service quality, hence influencing the perception of the consumer through adoption of CRM techniques.

4.2 Research Objectives.

A review of the present literature is a stepping stone in compiling the objectives behind the research. In this regard, the literature review enabled an understanding of how can CRM Practices, Process and techniques adopted by Retail store help in improving their business performance by creating a positive perception among consumers as it is the perception of the consumers that affect their attitude, behavior, needs and wants. The CRM practices are adopted and modified from time to time to ultimately attract and retain customers by satisfying them and thus the retail managers must know what their customer wants rather than blindly assuming. Even though the facilities offered may be satisfactory, there may be a gap between perceived expectation and real offerings. The retail management has to strive to bridge these gaps by adopting CRM practices to improve customer perception and attempt to bring about a satisfied and delighted customer which in turn would impact business performance. The literature review also highlighted that there is link between the CRM practices and customer perception. But, there is also not ample literature available on the customer’s perspective i.e. how the customer feels about what the retailers provides him with, if the retailers actually provides them with what they promise to deliver, if the customers value all they receive and how much, and are they really delighted by the practices so adopted. Inspired by the above, the main research objectives are as follows:
1. An attempt will be made through the present study to evaluate the need of adapting CRM process and techniques by retail store in Indore region and its role as a determinant of consumer perception.

2. To investigate the theoretical framework and model related to CRM practices and Consumer’s Perception and interrelationship of both these concepts.

3. To study the role of successful CRM practices and their impact on Consumer perception leading to his positive buying behavior.

4.3 Research Hypothesis.

A supposition; a proposition or principle which is supposed or taken for granted, in order to draw a conclusion or inference for proof of the point in question; something not proved, but assumed for the purpose of argument, or to account for a fact or an occurrence; as, the hypothesis that head winds detain an overdue steamer.

A hypothesis being a mere supposition, there are no other limits to hypotheses than those of the human imagination.

A tentative theory or supposition provisionally adopted to explain certain facts, and to guide in the investigation of others; hence, frequently called a working hypothesis.

The Primary Hypothesis set for the present research study is:

Ho: There is no significant impact of CRM Practices on Customer Perception.

H1: There is a significant impact of CRM Practices on Customer Perception.

For proving the main primary Hypothesis other secondary hypothesis were designed which are analyzed and mentioned in next chapter.

4.4 Dimensions of the study (Criteria Variables.)
All the above dimensions have been analyzed on the basis of data so collected through interviews, observations made and questionnaire so circulated.

The other criteria Variables Involved are as follows:
• Type of Consumers.
• Services offered by Retail at competitive level.
• Consumer’s perception of retail buying.
• Consumer’s expectation from retailers.

4.4.1 Importance of Research

a) This research will help in knowing the effect of CRM practices adopted by retail stores on the perception of individual customers, thus effecting their purchase decisions.
b) This study will help to find out the effect of personal variables on individual perception.
c) It will help in understanding and analyzing various types of CRM practices adopted by retail stores and measuring the effectiveness.
d) This research will open scope for further research.

4.5 Method of Data Collection.

Data collection method can be defined as a process through which both primary and secondary data is collected. Some important data collection methods are observational, interviews, questionnaires, experiments etc.

In this research study, as per the objectives and aim of the research, mainly two methods are selected by the researcher. First data collection method is observational collection method. This research method is executed through academic journal articles, publications related to CRM and consumer perception, specific information about Retail Sector, published news, web articles, research papers etc. to collect secondary data and information.

The second research method is used to collect primary data. In this concern a structured questionnaire was developed and circulated among consumers and retailers in Indore region from May, 2011 to December, 2011. Questionnaire is an effective process to approach the respondents and provide them an easy and non
discriminative way to give proper and adequate response to questions. Appendices A and B show both the questionnaires circulated among customers as well as retailers.

In total 500 questionnaires were circulated, out of which 100 questionnaires were distributed to managers of various retail outlets in the three major malls and to store managers of branches of local retail outlets, following the approval from the authorities. The questionnaires were collected next day from the day of distribution. As a result of the fact that the participants had to respond to many factors, it was not possible to retrieve them on the very day of distribution. This necessitated further visits to Malls and respective retail stores. Rest 400 questionnaires were distributed to customers visiting Malls and making general purchasing from retail outlets. These questionnaires were collected at the very same time.

Out of the 500 distributed questionnaires, 485 were retrieved. Out of which 15 were rejected as they did not have complete information. Thus, finally 470 questionnaires were selected for final analysis.

One month of regular visits to 3 major malls were made by the researcher to observe the behavior and purchasing criteria’s of customers, the observations were minutely noted and were used at the time of analysis.

As store managers were reluctant to answer regular visits were made to stores and interviews of the helping staff and employees were done to collect data related to their behavior, problems faced and steps taken. These were duly recorded on regular basis and were also referred at the time of data analysis.

The primary data was collected from 80 Managers and store Managers of Treasure Island, Century 21, Indore Central and Branches of Vishal, Pakiza, Easy day, Big Bazaar, and Reliance Fresh spreading across Indore region. One of the Local retail
outlet “Prem Cosmetics” was also taken into consideration as it was the nicher in the market.

Retail outlets like Big Bazaar, Pantaloons, Max, Easy day, Mega More were randomly selected from Treasure Island, Central Mall and century 21 in Indore Region. From all the retail outlets and their respective branches 50 customers from Big Bazaar, 25 from Pantaloons, 25 from Max, 50 from Easy Day, 25 from Mega more, 75 from Pakiza, 50 from Vishal , 50 from Reliance Fresh and 50 from Prem cosmetics were selected and the questionnaires were distributed to them.

Data was collected from the widest possible coverage area of the above said city.

The structured questionnaire, Interviews and general observations by the researcher were used to collect the data. As the present study is based on the primary data, the below mentioned stages have been followed:

   a) Selecting questionnaires and related instruments for data collection.
   b) Planning sampling size and Techniques.
   c) Determining and Implementing field procedures.

4.5.1 Triangulation

Triangulation can be defined as the process of using two or more method to collect data in order to study some aspects of human behavior. It is also known as multi-method approach. In order to ensure validity, credibility and reliability in the research study, the researcher has used multi-method approach and research design which has helped the researcher in several ways such as better overview of the issue, better interpretation and understanding of the findings.

For this study, both data and methodological triangulations has been utilized. It is because data was collected by using different sources such as books, journal articles, magazines and newspaper articles, personal experiences and from other people’s opinions and also data was collected through different methods such as
interviews and questionnaires. In addition researcher has also used different approaches to select respondents as some were interviewed due to their experience related to research study, while others were chosen due to the limitation of time and for convenience.

4.5.2 Difficulties Encountered During the Phase of Data Collection

The researcher faced a lot of difficulties in collecting the information from the retail managers and the customers. The retail managers whenever approached were busy with their day to day commitments and schedules. To get the questionnaire filled or interview schedule done, the researcher had to meet certain managers more than 3 times in spite of fixing prior appointments. Some of the managers also declined to furnish any information.

In the case of the customers; many of the customers did not want to part with the information as they considered it waste of time. Hence, the researcher had to assure the respondents that the information was only for the academic purpose. In many cases, customers were rigid to answer any question and thus, authenticity of data could not be verified.

4.6 Data Analysis

Data analysis consists of “examining, categorizing, tabulating, or otherwise recombining the evidence to address the initial propositions of a study” (Yin, 1994). The researcher relied on experience and the literature to present the analysis using various interpretations. The methodology adopted i.e. direct observations, documentation, focus groups, circulation of questionnaire and in-depth interviews helped the researcher to achieve the research objectives and propositions and helped structure the analysis and provide some aspects related to CRM Practices adopted and their impact on consumer perception. The research conducted also put the researcher in a position to voice recommendations to the retail managers discussed in later chapters of the thesis. The data was analyzed in depth to interpret the customers’ perspective regarding the CRM Practices and the impact on their level of satisfaction.
In order to analyze the objectives of the study several statistical methods and tests were used. The methods and test were selected on the basis of the research problem in hand. The data was analyzed in following three steps

- Tabular Presentation.
- Graphical representation with the help of Bar Graphs and Pie-Charts.
- Validity test with the help of Chi Square Test.

All the tests were carried out at 5% level of significance. The analysis was carried out using the SPSS Version 16.0. Statistical analysis of data collected from the survey of respondents have been put into a master database, from which different datasets have been made for statistical applications. Simple frequency and percentage analysis, summary tables and interviews using the questionnaire for survey from sample retailer and customers have been analyzed to extract dimensions of Customer Relationship Management and Customer Perception. Descriptive statistics have been used to summarize the general characteristics of the respondents. After that, Frequency, Percentage Analysis, Graphical Representation and application of Chi-Square Test have been performed to compare and contrast data so collected. The Chi-square test is an important test amongst the several tests of significance developed by statisticians. It is a non-parametric test as it is not based on any assumption or distribution of any variable. In this study one-tailed Chi-square Test concerning single population variance has been taken into consideration. For this, if the calculated Chi-square value is less than or equal to the table Chi-square value with \( (n-1) \) degrees of freedom at a 5% level of significance placed at the right tail, then only Ho is accepted or else rejected.

## 4.7 Limitations of the Study.

“I seldom think of my limitations; and they never make me sad. Perhaps there is just a touch of yearning at times; but it is vague, like a breeze among flowers.”

Following are the limitations of the study:
a) There was a gap in data collection as it was collected in 8-10 months period. This might have affected the result up to some extent.
b) Perception of the respondents changes according to time, place and from experience. There might be a change in the perception of the customer at the time when the data were collected.
c) The result of the survey up to some extent depends on the mood of the respondents at the time when they were filling questionnaire.
d) The managers and employees of the respective retail stores were seemed in hurry due to their routine schedule and thus it could have affected the filling of questionnaire. Eventually this would have influenced their response.
e) The sample respondents were selected on convenience basis.

4.8 Summary

Research is a systematic and scholarly investigation into the study of materials and sources in order to establish facts and to reach conclusions. This chapter systematically discusses the research paradigm and how research was actually conducted. This chapter discusses the various key issues related to the research study with the help of various research philosophies, various approaches to collect data and analyze it. The chapter also discusses about the ethical guidelines and the validation strategies used to make the study more rigorous and credible.

This chapter has presented and justified different research methods and strategies to accomplish the research in an effective way. The chapter also explains about the initial introduction of the research methods and strategies used by the researcher to evaluate the CRM practices and their impact on perception. The chapter has
presented the rationale of executing deductive and inductive approaches for conducting this research study.

Additionally, this chapter also explains about the summative evaluation approach and different framework about the research problem. The chapter also presents limitations and strengths of different research strategies. Understanding these weaknesses and strengths is also essential to determine the valid results.